

Additional Information on Proposed Guidelines

Key Changes:

- All of these changes are taking place within our existing regulatory structure.
- Lessees will no longer be granted waivers, but may be eligible for self-insurance to their supplemental bond obligations.
- Lessees will be able to apply for self-insurance regardless of their Net Worth.
- Self-insurance which today has an upper limit of 50% of Net Worth, will be changed to a maximum of 10% of Tangible Net Worth, which is consistent with standard bank credit and energy industry lending practices.
- The amount for which a company can self-insure will range from 0% to 10% of Tangible Net Worth, based on BOEM's assessment of the criteria set forth in the document ["Proposed Criteria to Determine Financial Ability to Carry Out Obligations"](#)
- When assessing lessees decommissioning liability as determined by BSEE, the Regional Director will consider 100% of the decommissioning liability for every lease, ROW and RUE in which it holds an interest.
- BOEM will no longer consider the combined financial strength and reliability of co-lessees or operating rights holders when determining a lessees decommissioning liability.
- In cases where there are multiple co-lessees, it will be up to the co-lessees to determine how best to fulfill BOEM's requirement for 100% assurance of OCS decommissioning liabilities.
- There will be a phased-in period to comply with any additional financial assurance requirements.
- BOEM may consider alternative forms of financial assurance to provide additional flexibility for lessees to meet their financial obligations. This will allow companies to create a tailored plan that best meets their needs while ensuring their OCS liabilities are adequately covered.